

The regular meeting of the Borough of Riverdale Mayor and Council opened on the above date at 7:30 p.m. with the Pledge of Allegiance.

Mayor Budesheim presiding.

ROLL CALL: **Present:** **Astarita, Bush, Falkoski, Guis, Wetzel**
 Absent: **Carelli**

Mayor Budesheim announced that proper notice of this meeting was made as to time, date, place and agenda.

APPROVAL OF MINUTES DATED:

May 19, 2008 - Regular Meeting
June 2, 2008 - Workshop Meeting

Councilman Falkoski set forth the motion, seconded by Councilwoman Wetzel, to approve the above listed minutes as read.

ROLL CALL: **Ayes:** **Astarita, Bush, Falkoski, Guis, Wetzel**
 Nays: **None**
 (5 ayes – 0 nays – motion carried)

PUBLIC PARTICIPATION NO. 1:

There being no comments, Councilman Falkoski set forth the motion, seconded by Councilman Astarita that the public portion be closed.

ALL IN FAVOR.

ORDINANCES:

- 1) Public Hearing and Adoption of an Ordinance entitled:

ORDINANCE 07-2008

**ORDINANCE AMENDING CHAPTER 95 OF THE REVISED GENERAL
ORDINANCES OF THE BOROUGH OF RIVERDALE AND PROVIDING FEES
FOR USE OF POLICE SERVICES BY OUTSIDE CONTRACTORS**

The Municipal Clerk read the notice for the second reading and final adoption.

Mayor Budesheim announced that this Ordinance was open for public participation.

There being no comments, Councilman Falkoski set forth the motion, seconded by Councilman Astarita, to close the public session.

ALL IN FAVOR.

Thereupon, Councilman Falkoski set forth the motion, seconded by Councilman Guis, **RESOLVED** that Ordinance No. 07-2008 as read on second reading at this meeting, be adopted and finally passed.

ROLL CALL: **Ayes:** **Astarita, Bush, Falkoski, Guis, Wetzel**
 Nays: **None**
 (5 ayes – 0 nays – motion carried)

ORDINANCES (continued):**COPY OF ORDINANCE AND RESOLUTION IN FULL ON PAGE NO. 48-A**

2)

ORDINANCE 05-2008**ORDINANCE AMENDING CHAPTER 168 OF THE REVISED GENERAL ORDINANCES OF THE BOROUGH OF RIVERDALE AND AMENDING CERTAIN PROVISIONS APPLICABLE TO THE “MF-O MULTIFAMILY OVERLAY DISTRICT”**

Councilman Astarita: Mr. Mayor, I just want to say something. After sitting down with you and discussing this project and realizing that the initial project was approved by the Planning Board and it's simply an item of giving relief for the over 55 housing, and looking at the state of events of our economy and realizing that it is a project that would bring in ratables with, maybe minimal impact to the rest of the borough, I called you and told you that I would reconsider my vote on this item. I just wanted the Council to know that.

Mayor Budesheim: I appreciate that. I know, Garret, that from day one whether it was a zone change or whatever, you had expressed reservations about it and you were never entirely for this project. But I do appreciate, I know we had a long talk that one day, and I know you felt that the other issues riding on this application, as I said before, the project itself is not all that important. If it happens, it happens, but there are so many other issues that are riding on the coattails of this that I do appreciate your support and your reconsideration because I know how you felt about this project. Thank you.

Councilman Falkoski: May I ask a question?

Mayor Budesheim: Sure.

Councilman Falkoski: Are one of the issues the funding for the concerts?

Mayor Budesheim: No.

Councilman Falkoski: Pardon me?

Mayor Budesheim: No.

Councilman Falkoski: So they're not going to fund the concerts?

Mayor Budesheim: I have not received anything nor any promise from anyone there.

Councilman Falkoski: The concerts aren't funded at this point, correct?

Mayor Budesheim: Correct.

Councilwoman Wetzel: Well, we do have a plan to fund the concerts. We're just waiting for the paperwork to come through. We had been planning this for a while. We had to form a committee in order to be able to have a raffle and all of the specifics had to be worked out and we had to apply to the state. When I say we, I mean a separate committee of people, not this board and we are waiting any minute to have that number received and we already have paperwork waiting to go out advertising the concert series raffle and that is how we plan to fund it. But, just to clarify, we have received some donations from companies already, some financial donations to support the concert series, and whether or not we get any others is yet to be seen. We won't deny any, but that is not how we plan to fund the concert series this summer.

ORDINANCES (continued):

Councilman Astarita: And let me just say that that piece did not come into consideration when I was thinking my revote.

Councilman Falkoski: I'm not saying it did. It was just something that I wanted to find out.

Mayor Budesheim: I don't think I even mentioned it when we sat down...

Councilman Astarita: No, we did not.

Mayor Budesheim: So far the biggest contributor to the summer concerts this year is Tilcon Quarry. They gave us \$5,000.

Councilman Falkoski: We did receive a letter from Drinker, Biddle and Reath requesting this change and are we going to have an opportunity to ask them some questions?

Mayor Budesheim: They're here. If you do want to ask them questions I'm sure they're prepared. Todd or Chris, who's going to be...?

Mr. DeGrazia: My name is Christopher DeGrazia and I was the author of that letter so if you have any questions on that particular letter. We do have with us this evening, if the Council would like to hear, someone that studies the market conditions and valuations and could provide updated information on the market and why we're making this request. If there's any questions, and basically, my letter I think outlines our position and I'll be glad to clarify any of the statements or if you like, we could have our expert actually testify or give some information on the current market and the statistics that are out there today.

Councilman Falkoski: All right, I do have some questions. I'm curious about a few things. You had an application before the Board of Adjustment requesting a variance for this particular purpose, right?

Mr. DeGrazia: That is correct.

Councilman Falkoski: Could you tell me why it is that you withdrew that application?

Mr. DeGrazia: We withdrew the application because we thought it would be better done as a rezoning, that an ordinance changing the requirements of the zone made more sense than bringing a use variance application.

Councilman Falkoski: Even though you had already spent monies making the application to the board?

Mr. DeGrazia: The cost is really showing up that night because it's not an application that required any additional engineering or architectural...because it's the same product, there wasn't really a great expenditure in preparing the application other than me filling out the application form.

Councilman Falkoski: All right, now those statistics that are quoted here with the, as far as the market goes, what particular geographic area does that cover?

Mr. DeGrazia: If you... those statistics were based on information we had when we started to do the request that we shift the age restricted to the second phase. Since then we've looked at more information and I have someone with me this evening that could

ORDINANCES (continued):

tell you very specific geographic information if you're interested in that. But again, I'm not a statistician. I was just repeating some of the information we had at hand, but if you would like to have some very specific information, we can certainly provide it.

Councilman Falkoski: Yeah, I have a couple of questions. I could go through the rest of my questions and perhaps we could have that gentleman come up.

Mr. DeGrazia: This is Christopher Otto. He's a senior associate of Otto Valuation Group which is a well respected consulting and evaluation firm. His job is basically to investigate market conditions. His firm provides data to the New York Times, Wall Street Journal, FDIC, BBC. Would you like to ask any questions in terms of his qualifications?

Councilman Falkoski: No, I just have some questions that I'd like answers to. What particular geographic area is this based on?

Mr. Otto: I prepared a lot of statistics here. Those particular ones were a little outdated. I think they were done as of the last time they were presented.

Mr. DeGrazia: Let me just say at the time when I wrote the letter I did not have any of the current information so I was using the information we had from last year so the statistics are a little bit different. If I may, maybe this would be the easiest way. If he gives you about a five minute presentation on the information he has and then you could ask questions on that or compare it if you'd like.

Councilman Falkoski: I'm just curious as the letter states that the...first of all you talk about low rise housing. What is low rise? This is not low rise housing. If you look at...

Mr. DeGrazia: I think the information we were looking at was multi family housing so low rise may not have described it accurately.

Councilman Falkoski: They're referring to low rise housing and the residential site improvement standards define low rise housing as anything that, I believe, is below one or two levels. This would be considered a mid rise, right?

Mr. DeGrazia: That might have been a misphrasing on my part and I apologize.

Councilman Falkoski: So statistics are based upon something that we're not talking about here.

Mr. Otto: I think it may just have been misquoted though. Just to answer your question here, I took a look at a large group of age restricted similar style products which is, as you'd say, mid rise flats over apartment structured parking which is the most expensive product to build and yields the lowest price per square foot in sale price. In taking a look at all the projects in the surrounding area here covering Somerset, Passaic, Morris and Hunterdon County, right now as of this point a lot of projects in the last 90 days here, some are actually experiencing negative contracts to the point where we have approximately 12 years worth of inventory remaining here. At the current sale price ratios, on the contract ratios to the amount of inventory out there. That's our competition out there, so in order to build this product it's going to take forever for it to be absorbed at the lowest possible price per square foot as compared to the market.

Councilman Falkoski: All right now answer me a question. You're stating that it was 44% on the multi family housing and the age restricted was down by 211%. Has that changed?

ORDINANCES (continued):

Mr. Otto: I don't have that statistic and that wasn't me who stated that.

Councilman Falkoski: But you're saying the market is going down.

Mr. Otto: Yes, the market is going down.

Councilman Falkoski: Well it's interesting because I went on Otto Valuation Group website today and it specifies that the March pace market stabilization has begun and contract sales activity has increased.

Mr. Otto: Does that specify between market or age restricted?

Councilman Falkoski: It doesn't matter what we're talking about here because you specify that market value is down 44% and that age restricted is 211%. So everything is down you're saying in that report.

Mr. Otto: Well, we did have a short contract jump in the Spring and a lot of the information that we put out is trying to be positive press information because we are trying to help turn the tide in the real estate market, but the overall truth in the numbers is the truth.

Councilman Falkoski: So this is not (indiscernible)?

Mr. Otto: A lot of its PR but that doesn't statistically relate to this project here.

Councilman Falkoski: And this is not PR what you're specifying to us?

Mr. Otto: What I'm looking at here is specific projects that really analyze compared to what the subject property is. Those are general statistics which don't necessarily apply because if you look at overall state numbers, it's not going to specifically be the same as age restricted flats. You know within a certain radius looking at demographic wise the information is going to change.

Councilman Falkoski: Certain markets are going to be better than others.

Mr. Otto: Of course. (Indiscernible) markets are always going to be better.

Councilman Falkoski: That's why I was particularly interested in what geographic area you were using for those statistics.

Mr. Otto: I have all the projects here and I have demographics that I ran based upon what our target buyer would be here and basically the active adult buyer is a very flawed buyer for us because all the studies show that their preference is a single family or an attached townhouse. They don't really particularly care for the flat condominium style dwelling. They didn't go for it. So our target buyer, which is the 65 to 74, is the smallest demographic within a, just Riverdale, a 5-10-15 mile radius. The absolute smallest percentage buyer, on top of everything else.

Councilman Falkoski: Yet I have a project just up the block from where I am called Cedar Crest. They're not sale units, they're more or less long term lease and yet they're sold out.

Mr. Otto: I didn't analyze that project.

ORDINANCES (continued):

Councilman Falkoski: All right. Has the market changed at all or is the market still going down or is it stable?

Mr. Otto: The market is still going down.

Councilman Falkoski: So in other words in your website what you're saying is not the truth.

Mr. Otto: Well you have to look at things within time periods and pockets, so that information right there, yeah, we're expecting some stabilization but if you look at inventory levels overall you're going to see some decrease just based on supply and demand and by October should we see stabilization, yes, in the residential market flats.

Councilman Falkoski: So just like anything, real estate is fickle.

Mr. Otto: Right. Except if the product type doesn't match the buyer and there's no market for that buyer, it's a market that can't recover physically. It just can't.

Councilman Falkoski: So your opinion is that when the market changes and starts to rise the age restricted are not going to go with it?

Mr. DeGrazia: Well we have out migration of New Jersey right now of close to 70,000 people per year and we're only gaining about 20,000 and we're losing in that 65 to 74 which is our target demographic. So going forward 5 and 10 years is only going to get worse. It's not going to get better. We have the highest income tax costs in the nation at this point right now so people in that demographic are not looking to retire in New Jersey with those high costs. We're seeing them move to Florida, Pennsylvania, North Carolina where they can have a much cheaper cost of living. That was a study done by Van Line.

Councilman Falkoski: That may be all the questions I have regarding that, but they also state in the letter that you have the environmental and costs associated with securing additional sewer capacity from another municipality is considerable. You're more or less saying that's prohibitive right now. Now did you not anticipate the environmental and sewer capacity costs when you initially planned the project?

Mr. DeGrazia: That's true but the market conditions were a lot different then so the sales that we were projecting based on what we thought was a good product which is the for 55 and older or age restricted housing. The market changed and statistics show that that product is not going to get better and how many years of backlog is there in that area?

Mr. Otto: 12 years compared to 3.3 years for general market.

Mr. DeGrazia: So you're looking at a backlog where you're looking at general market of 3 years whereas the age restricted for the same type of housing has a 12 year period. So it's something that we didn't expect the market to drop out.

Councilman Falkoski: Well that's interesting because looking at what you're giving us here and what I see on your website the conflict there is just a little bit too much. Could I ask you if you own any of these properties or do you just have options on some of these properties? Did you actually purchase them?

Mr. DeGrazia: I don't know.

Mr. Todd Murphy: We have contracts to purchase all of the properties.

ORDINANCES (continued):

Councilman Falkoski: Is it conditioned upon the approvals that...?

Mr. DeGrazia: Typically they are.

Councilman Falkoski: So you don't have any money at this point invested in the properties themselves, right?

Mr. Todd Murphy: We have over 3.5 million dollars invested in the project.

Councilman Falkoski: But it's conditioned upon certain things right?

Mr. Todd Murphy: We don't get the money back if the project doesn't get built.

Councilman Falkoski: With all this money you have invested in the project, you're telling us you're willing to abandon this and just walk away?

Mr. Todd Murphy: If your asking if the project (indiscernible).

Councilman Falkoski: I know. But the way the letter is written here you give the impression that if this is not granted it's not worth going forward with this project and you're just going to walk away.

Mr. DeGrazia: It's in jeopardy and there comes a point where you say if you build it and you know people aren't going to occupy it, it's going to be a loss so you'd rather have a 3 million dollar loss than a multiple, you know, much more than that.

Mr. Otto: There's multiple age restricted flat projects like this that right now have zero contracts and are completely dead in the water and I think that's the overall fear here as I've visited those projects a lot and they are sitting there with zero contracts, some of them getting negative contracts and big hits for price reductions and (indiscernible).

Councilman Falkoski: These are basically business decisions. I mean these are decisions you make every day. You take a risk when you do this and you're asking us as a Governing Body who represents the taxpayers to come in and more or less bail you out in my opinion, but that's neither here nor there. I have another question.

Mr. Otto: I thought you might be interested in tax ratable (indiscernible).

Councilman Falkoski: I don't think that's viable. In February 2007 you were before the Planning Board seeking final site plan approval and you argued at that time that because of market conditions you were requesting a variance to be permitted to build the market units first before the age restricted units, which was granted.

Mr. Otto: That's right.

Councilman Falkoski: If you were willing to build the project one half at a time and wait for that cycle of market demand to change, what's different now? Because the variance for the final site plan was granted March 2007. Then it came to the Mayor and Council who approved the change in the ordinance in October of 2007. That's only a few months ago and yet you were willing at that time to start building half the project with the idea that maybe the age restricted would pick up. What has changed in your mind now that makes it so imperative that everything be market value at this time?

Mr. Otto: Basically the age restricted (indiscernible) has weakened at a very...

ORDINANCES (continued):

Councilman Falkoski: In a few months?

Mr. Otto: It has weakened, yes, and we've seen just in the past 90 days we've seen projects actually lose contracts and it's going in a very negative direction. In digging into it and doing more research on it, which we do for them, and taking a look at who the actual buyer is, where they're coming from, how much money they have to spend and where the future of that demographic is. It's flawed in every way in order for it to be a successful project. There are countless projects across New Jersey right now that are going into (indiscernible) because of that.

Councilman Falkoski: Well one of the conditions that makes the age restricted weak, and you've pointed out here in your letter too, the fact that because the market prices on real estate houses now has dropped and that the elderly people that were hoping to sell their houses at the maximum price are now going to wait a little bit to see if the market goes up again. So if the market goes up again it stands to reason that these people again are going to start being interested in selling their houses and buying something in an age restricted. Now, if I recall, many, many months ago in talking about this project when it was still a germ of an idea someone mentioned the fact that these age restricted houses were going to be priced in the \$600,000 range. Is that something that could be true?

Multiple: I think that's high. Really high.

Mr. DeGrezia: I don't recall that particular number.

Councilman Falkoski: I know that's very high. That's why I'm saying if you're going to price them at that level...

Mr. Otto: Traditionally age restricted is 21%. Right now it's running about 21% under market is typically what they're running, is the average for all the projects that we looked at.

Mayor Budesheim: I just think that, Joe, the question you asked, they were in in October of 2007 and you wanted to know if the market has gone down that much in that time and it's interesting but recalling the figures that I got from our zoning officer, the first 9 months of last year a total of 12 units sold at Powder Mill, the age restricted. From October on up until at least the beginning of this month, not one single unit has sold.

Councilman Falkoski: I know the market is soft right now, but what I'm saying is everything is cyclical and it's going to change.

Mayor Budesheim: But I think it correlates the position that they took that it's (indiscernible)...

Mr. Otto: Moving forward, that older buyer who was going to trade down, which everyone thought was going to trade down, was a flawed idea. That's not their target demographic. It's not what they want to purchase and not only that, if we go 2-3-4 years out, we're losing that target buyer more and more every year. 70,000 people a year are out migrating from New Jersey and most of them are all the retiring (indiscernible).

Councilman Falkoski: There's still a great deal of elderly people and they're growing.

Mr. Otto: Right, but they don't want active adult. The demographic that would be able to afford this wouldn't be looking for active adult they'd be looking for more of a retiree project.

ORDINANCES (continued):

Mr. DeGrazia: And it's also the product itself. When you see the market changing we expect the active adult single family home and the town home style that look like single family homes what they're used to, grew up with, and what they're trading down from to recover substantially more than a multi family building like what's proposed here. So it's not just the active adult itself, it's the product that we're searching which is what his research has shown us.

Councilwoman Bush: So even if the market was not recovering, let's say the market was still strong, that there would still be a drop in this particular buyer's philosophy. And you're saying that part of that demographic study is based on the philosophy of the buyer. Is that that group that you're saying is exiting New Jersey?

Mr. Otto: Correct, and what they actually buy in New Jersey. What product type they want, their lifestyle, they're active adult, they didn't want the flat over parking. It was too small of a unit for them. It didn't have the (indiscernible). That style was more oriented towards an older demographic which is even a smaller buying pool.

Councilwoman Bush: So what is the buyer for both of those styles?

Mr. Otto: For the market buyer the target based upon income and the prices of the units is 25 to 34, divorcees, widows and first time buyers and usually young starter homes. So we're looking at very minimal, if at all, any children associated in those projects, it's too small. In that demographic, it's the second largest demographic within Riverdale 5, 10 and 20 miles out. It's the second largest buying pool. Not only that but they're getting 21% more which is still significantly less than where the market was at.

Mayor Budesheim: Just as an example, Donna, the Grande has been occupied for less than 2 years. Generally when the tax assessor does the initial assessment it's about 90% of the original selling price. Those units are now selling from the figures he gave me from \$60,000 to \$100,000 less than their assessment in just the past year. That's how much they've lowered the sale price on these units.

Councilman Falkoski: That revaluation was done, too, when the market was high. Isn't that how they established the assessment?

Mayor Budesheim: Joe, these are new units. These were sold a year and a half ago.

Councilman Falkoski: Let me ask another question. If you were to start building this right now and say you started the way you originally planned, you were going to build half of them first, and you started to build that half, how long would it take to complete that?

Mr. Todd Murphy: 18 to 24 months.

Councilwoman Wetzel: And if this project gets changed with this approval will you be doing both sides at the same time, or are you still planning on starting one side?

Mr. Todd Murphy: There would be too many units to have on the marketplace at one time so we would save this. There are 4 buildings total and we would build one at a time.

Councilman Guis: Correct me if I'm wrong, would it not be...I think in previous meetings we've discussed though were you to get this you would probably start the cleanup because you anticipate a long...

Various: Yes. Of course. Sure.

ORDINANCES (continued):

Councilman Guis: So demolition and cleanup of the north side would start?

Mr. Todd Murphy: Yes, (indiscernible).

Councilman Astarita: I'd also like to hear, you were going to start talking about ratables. I wanted to get that from you.

Councilman Falkoski: I have a few more questions. Let me finish what I have here because I think they all go together here. Primary site plan approvals state the applicant should provide all necessary COAH requirements. How do you plan to do that?

Mr. DeGrazia: How do we plan on meeting the COAH requirements? We'll comply with the ordinances.

Councilman Falkoski: How are you going to do it? Are you going to build the units? What are you going to do?

Mr. Todd Murphy: We haven't come to any conclusions yet because the COAH rules are in a bit of a flux.

Councilman Falkoski: Well they've just been approved as of June 2nd so...

Mr. Todd Murphy: I don't know if I'd call that approval, they've been released.

Councilman Falkoski: They've been released. As far as it goes right now they're the firmest figures that we have.

Mr. Todd Murphy: The firmest figures that we have (indiscernible) numerous lawsuits (indiscernible).

Councilman Falkoski: One just went through right now to remove the regional contribution part of it.

Mr. Todd Murphy: I don't think any of us knows what the COAH ruling will be.

Mr. DeGrazia: The bottom line is we'll comply with it whether it's building it there, building it somewhere else, paying money, whatever it is it will comply.

Councilman Falkoski: I just want to state for the record the impact of what this would be in the low and moderate income housing and the potential for school children. I distributed everything, or asked Carol to distribute it to everyone today, a demographic study that was done for the school system and they predict a 30 student increase projected over the next 5 years. If 50% of the market units at Riverwalk are built there'd be an obligation, they'd probably be generating about 19 students according to the statistics. If it was 100% market units that would generate 38 students. Now our COAH requirements right now are for 145 or 146 units. Now the total potential additional school students, the demographics predict 30 students over the next 5 years. 38 students would be from Riverwalk, in other words, 19 students are being generated simply by changing the age restricted requirement and that comes to, the obligations for the COAH that we have would probably generate about 13 students. That's a total of about 81 potential students that we'd be generating through both our COAH requirements and the Riverwalk project and the projected number that the school demographic study has projected. That's quite a bit of students. So this 50% change to market units alone generates 19 students according to the statistics.

ORDINANCES (continued):

Mr. Todd Murphy: I would respectfully disagree with that.

Councilman Falkoski: Well that's the numbers that he used. The potential is there for 19 students.

Mr. Todd Murphy: Who used those numbers?

Councilman Falkoski: The demographic study that was done for the school system.

Mr. Otto: Did they analyze who the potential buyer was?

Councilman Falkoski: I'm not talking about buyers; I'm talking about potential students for the school system. What the school system would need and require in their system. That's what they do. They do that study based upon that.

Mayor Budesheim: This is a guy that works out of his house in his bathrobe. I had a long talk with Superintendent Wyks on this and just to show you the absurdity of demographics, because while they're predicting....I'd rather deal with reality than demographic projections. Like I said, demographics, the whole concept is to plan for worst case scenarios. That's why the sewer allocation they have to buy more than double what they eventually use according to DEP regulations. That's why parking lots are usually half empty, because you've got this asphalt jungle out there because demographics say that you're going to have to have these many parking spaces. School kids, they do the same thing. It's one student for every 10 units. However, we have reality right now. We have the Grande which has 280 units occupied and there are only 6 kids. According to the demographics, they predicted when that project was before the Planning Board, 56 students would be coming from there. So right now it's 1/3, they should have had 28 kids. If you listen to this guy who works out of his house, if you listen to him, and he doesn't even have a degree, Joe. I looked him up. He's got a doctorate, he's an MD, he's a biologist. He has no degree in demographics. I looked him up on the internet. He lives in Kinnelon on Fayson Lakes Road, works at his house and he's got a biology degree and that's why he predicts so many more kids coming to the school when you've got reality there.

Mr. Todd Murphy: What I would tell you is my experience building over 40,000 units like this across the country, is the size of the units is just not practical for a family, number one and number two in a project of this size, about 400 units ultimately, if we got 12 school age children out of this development we'd be probably about on average, maybe a little high. The other thing is I would direct you to Rutgers University, the Bloustein School, someone named (indiscernible) prepared a comprehensive report on the subject. He would tell you similarly to what I just said that a project like this might have somewhere in the range of 10 to 15 students. I would encourage you to take a look at that report. It's very well respected (indiscernible).

Councilman Falkoski: Well, to make a decision such as this I'm going to give my personal feelings here. This is when the ordinance was generated; the only statistics we were able to review and count on were coming from the people who had the interest in the project which was the developers at this time. And right now that's the only numbers in the statistics that are being put forth to us right now. I would like to see our Planners give us some numbers or we have somebody give us demographics so we know whether or not what we're looking at is realistic or not. If I can look at a letter here that tells me the market is going down so much and then when I look at the website of the same people it tells me something different, I have a little bit of...

ORDINANCES (continued):

Mr. Otto: Can I ask you what you're referring to? Is that possible? Because you refer to it so often that I just want to take a look at it.

Councilman Falkoski: I can read it to you.

Mr. Otto: I'd like to take a look though.

Councilman Falkoski: Sure, here. It didn't print out properly but you can take a look at what did print out. But the idea is that I think when we make decisions of this importance we should depend upon our own experts for professional input and advice.

Mr. Otto: I'm not sure if you saw the chart here, which I wrote this chart here. I'm not sure if you see the directions of the downward and the new line is this year. I'm not sure if you can see where the new line falls much far below any of the previous years so regardless of how you want to interpret paragraph information if you're looking for the specifics it's here, straightforward exactly where it falls.

Mayor Budesheim: During the Planning Board hearing on this whole application we did have our planner there and our engineers and none of them disagreed with the demographic projection of one student for every 10. If our planner had a disagreement with that he would have said it at that time.

Councilman Falkoski: Well, that's about what that number comes out to, about one student for every 10, if you calculate it out, the numbers I generated come out to sometimes a little less than that. But that's all I have.

Councilman Astarita: I just wanted to hear the ratable number that that gentleman was going to say.

Mr. Todd Murphy: I wasn't going to say a specific number. I mean certainly we can compare. We know what we have out there right now (indiscernible) four are warehouse buildings and (indiscernible) that they're paying \$60,000 in taxes per year (indiscernible).

Mayor Budesheim: Well, if the average sale price is \$300,000 and a tax rate of \$1.45 you're looking at almost about \$145,000,000 in ratables.

Mr. Otto: And \$300,000 is probably conservative for the average sale price. You're probably looking more like \$350,000.

Mayor Budesheim: So if you have \$140,000,000 in ratables and you have a school tax rate of about 70 cents, that's \$980,000 in school taxes.

Councilman Guis: And if we use the 1 in 10, I mean the one thing to remember with this change, we've already approved this project. We've already approved 424 units. We've already said we want this project built, so the only thing we're changing by switching from age restriction to open market using the conservative, I say very conservative number, would be 21 additional school children. That would be the, as I'm looking at the numbers, the worst possible impact and at \$980,000 in additional school taxes versus 21 extra kids, I just don't see it. Also, I don't think we're bending over backwards for market conditions. I think this developer has come forward with a good plan and what they're asking for now is very consistent with the trend the market is taking. I mean, originally they agreed to build the age restricted first. They thought they had a market for it and they were going to build it. The market was taking a downturn, they came, they made convincing arguments that in order to make this work we're going to have to go with the open market first. Okay. The market as the graph shows on the

ORDINANCES (continued):

sheet Joe has, the market is continuing to decline and I think the numbers to me are very convincing that the age restricted isn't viable. I don't think we want to lose half this project, never mind all of it.

Mayor Budesheim: Any other questions?

Councilwoman Wetzel: I just think that having heard a few other things brought, like tonight, that maybe were not addressed before has been a very good thing and I appreciate the fact that you have come and brought some experts in. I think we have been looking at numbers and dwelling on numbers and I do agree that the potential to bring in the maximum of 24 school children I think bothers all of us because we were not looking at that number originally. This is a small town, we deal in small numbers and 24 children doesn't seem like a big impact out there in the big world. 24 kids here makes an impact on us, but if that is the worst case scenario I don't know that that's the end of the world for us and I do agree that the tax dollars certainly seem to soften the blow of those 24 children if that is what the maximum turns out to be.

Councilman Guis: 21.

Councilwoman Wetzel: 21. Two things that were brought up tonight and I happen to have just gone through this exact scenario and I didn't bring it up for discussion before because it didn't seem relevant at the time, but I have just gone through a downsizing or a moving of my in-laws who are seniors, both in their 80's, who gave up a private home and wanted to stay in this area to be close to friends and family. The first thing they said was we do not want to move to one of those hotel-like living down the long hallway kind of a thing; we want our own place. Again, that's what they've always had. We were trying to tell them that that really is what's out there, that's mostly what's out there, unless you want to go very far to south Jersey where you have a detached ranch or the perfect setting for an elderly couple and then finally they agreed to a slightly modified version where just 4 units are attached. They have moved to the Hovnanian in Clifton, Four Seasons in Clifton. It was difficult for them to be attached on both sides but it appears to be their own home as opposed to parking underneath, taking the elevator up, walking down that long hallway and going to that door after door. I happen to be a visiting nurse and I go to a lot of senior residences in Wayne and Cedar Crest and it does have that feel you know, when you get off the elevator it's like you're getting off in Atlantic City and kind of going down those hallways looking for your room number. That isn't what they wanted and I think that that really is an issue for a lot of older people so I think putting up units like that could be a deterrent and again, from personal experience, I agree with that now whereas before I would have thought you're downsizing, moving out of a big house, what do you want a house for? But I know it is a mindset and we just went through this personally so it's not exactly what they wanted but it certainly is closer to their own home than it is a long hallway unit so I do think that is something that is maybe not as marketable. I'm thinking that looking on both sides of the list here it probably is doable as far as what we need in town and I for one was concerned about the school age children but I think is now, we've heard it enough times, that even at the biggest impact it's not going to be that great and I agree with the numbers the Mayor gave us. The reality is that we don't get those numbers anyway. The worst case scenario probably is doable and I don't think that we're going to reach that potential anyway.

Mayor Budesheim: Further crunching those numbers, the 21 kids over 13 grades is like 1-1/2 kids per grade. The high school, they're not even in town, so...just to further refine this. Are there any further questions?

ORDINANCES (continued):

Thereupon, Councilman Guis set forth the motion, seconded by Councilman Astarita, to introduce **Ordinance 08-2008** and moved its adoption.

ROLL CALL: **Ayes:** **Astarita, Bush, Guis, Wetzel**
 Nays: **Falkoski**
 (4 ayes – 1 nay – motion carried)

Mayor Budesheim stated the Planning Board will review this ordinance within 35 days.

COPY OF ORDINANCE AND RESOLUTION IN FULL ON PAGE NO. 60-B

Councilman Falkoski asked if Ordinance was 08-2008 was required by the state. Borough Attorney Oostdyk stated that it is required by the DEP in order to obtain our permit for water.

- 3) Councilman Astarita set forth the motion, seconded by Councilman Falkoski, to introduce the following ordinance and moved its adoption.

ORDINANCE 08-2008

ORDINANCE AMENDING THE REVISED GENERAL ORDINANCES OF THE
BOROUGH OF RIVERDALE AND ESTABLISHING NEW CHAPTER 96
ENTITLED “FERTILIZER” AND REGULATING THE APPLICATION OF
FERTILIZER WITHIN THE BOROUGH OF RIVERDALE

ROLL CALL: **Ayes:** **Astarita, Bush, Falkoski, Wetzel**
 Nays: **Guis**
 (4 ayes – 1 nay – motion carried)

COPY OF ORDINANCE AND RESOLUTION IN FULL ON PAGE NO. 60-C**RESOLUTIONS:**

Councilman Guis asked for clarification of resolution No. 3. Borough Clerk Talerico explained the proposal is for work done on Mathews Avenue above the original \$20,000 proposal. Councilman Guis asked if resolution #46-2008 requires matching funds. He stated he does not believe we should apply if there is a matching fund requirement until we have a clear picture of where we are with the open space fund. After brief discussion it was decided to approve the application with the condition the matching fund shall not exceed 20%. Councilman Guis stated the Boy Scout troop is selling a trailer for \$2,000 that would accommodate our emergency barricades. Councilman Falkoski stated the Fire Department would like approval to purchase a laptop for the Assistant Chief vehicle at a cost of \$5,272.48. After discussion, it was decided not to approve the purchase at this time. Councilman Falkoski then stated the Police Department would like approval to purchase the equipment to outfit the new vehicles. There was discussion regarding the installation of the equipment. Borough Clerk Talerico stated she has not received the tax clearance certificate for two of the liquor licenses and ABC rules state we cannot approve the license. She mailed both licensees a letter and application for an ad-interim permit. Borough Attorney Oostdyk stated we should do a resolution to approve them subject to receiving the tax clearance certificates. Councilman Falkoski stated the same conditions as last year should be included with Dexter’s renewal.

Councilman Guis set forth the motion, seconded by Councilman Astarita, to approve the following resolutions:

RESOLUTIONS (continued):

- 1) Payment of Claims, including the following payments:
 - a) Kenneth Freyer – Mold removal at Glenburn,
subject to approval by Joe Montemarano \$ 3,200.00
Summer Recreation -
 - b) Carefree Bus Tours – NY Mets Trip June 24th \$ 700.00
 - c) Amazing Amusements – June 25th \$ 650.00
 - d) Clearview Cinemas- June 26th Movies (Per child) \$ 8.50
 - e) Land of Make Believe – June 27th (Not to exceed) \$ 2,100.00
 - f) Amazing Amusements – June 30th (Not to exceed) \$ 1,300.00
 - g) Oriental Trading – Craft Supplies (Not to exceed) \$ 300.00
 - h) Oriental Trading – Craft Supplies (Not to exceed) \$ 300.00
- 2) Escrow payments to the following:
 - a) Darmofalski Eng. & Assoc. Target Corp. \$ 1,560.00
 - b) Darmofalski Eng. & Assoc. TCR/Horton \$ 1,300.00
 - c) Anderson & Denzler Assoc. Alexan/Horton \$ 78.00
- 3) Approval of proposal for Anderson & Denzler Associates, Inc.-William Ryden, P.E. Water/Sewer engineer for the ensuing work and continued work on the Mathews Avenue Project for a total of \$54,657.
- 4) Approval of proposal for Anderson & Denzler Associates, Inc.-William Ryden, P.E. Water/Sewer engineer for ensuing work and continued work on the Central District Sewer Project for a total of \$39,000.
- 5) Approval of additional funds due for the 2007 LOSAP program for the Riverdale Fire Department in the amount of \$6,487.00.
- 6) **Resolution #43-2008;** Renewal of 2008/2009 Liquor Licenses, subject to receipt of tax clearance certificates.
- 7) **Resolution #44-2008;** Chapter 159 – Special Item of Revenue – 2008 Clean Communities Program in the amount of \$4,000.
- 8) **Resolution #45-2008;** Chapter 159 – Special Item of Revenue – Municipal Court Alcohol Education, Rehabilitation, and Enforcement Fund in the amount of \$3,641.10.
- 9) **Resolution #46-2008;** Authorization for Mayor Budesheim to apply for a grant to the Garden State Historic Preservation Trust Fund – Capital Preservation Grants Level II for 2008, provided any matching fund requirement shall not exceed 20%.
- 10) Approval of bond reductions for The Grande at Riverdale project as follows: Phase 1 Bond Number 8714367 to be reduced to \$2,329,816.40 plus \$20,000 for water system repairs and Phase 2 Bond Number 8757457 to be reduced to \$1,372,804.20. (this release will not be permitted until the service road is under construction – as recommended by Borough Engineer Paul Darmofalski’s letter dated June 10, 2008)
- 11) Approval of bond release/reduction for Target Corporation for the Borough to hold \$46,295.00 cash which includes 10% of \$362,950.00 Service Road Bond and \$18,475.00 cash for inspection escrow for the Borough Engineer. (contingent upon the service road being under construction – as recommended by Borough Engineer Paul Darmofalski’s letter dated May 7, 2008)
- 12) Appoint Neil DeBonte as DWP summer employee at a salary of \$13.50 per hour. Half of the salary will be from the Open Space Trust Fund for work to be performed at the school field.
- 13) Approve purchase of a 12 foot enclosed trailer from the Boy Scout Troop for emergency barricades at a cost of \$2,000.
- 14) Approve purchase of equipment to outfit two new police vehicles at a cost of \$15,181.88 per state contract.

RESOLUTIONS (continued):

ROLL CALL: **Ayes:** **Astarita, Bush, Falkoski, Guis, Wetzel**
 Nays: **None**
 (5 ayes – 0 nays – motion carried)

COPY OF BILLS LIST AND RESOLUTIONS IN FULL ON PAGE NO. 62-D, E, F, G AND H**MAYOR REPORT:**

Mayor Budesheim reported that beginning July 10th we are going to try an experiment for the months of July and August. We will keep the municipal offices open until 7:00 p.m. for the convenience of the residents and will close at 1:00 p.m. on Fridays. Employees will work the same number of hours per week. The Mayor also reported that FEMA is revising their flood maps and almost the entire town of Pequannock will be in a flood zone. Houses that have never flooded will now have to purchase flood insurance and it is part of FEMA's plan to bail out due of Katrina. He said it is really and injustice and he will get the latest map and advise our residents if there is any change.

BOROUGH CLERK REPORT:

Borough Clerk Talerico reported the Riverdale School has asked who will be making the presentation at graduation this year. Councilwoman Wetzel stated Councilman Carelli would attend. Clerk Talerico reported on amendments to the borough ordinance for recreation. She also reported that we will need to do an ordinance determining positions eligible for the defined contribution retirement program. She also reported that the individual who knocked down a pole was not covered by insurance on the date of the accident. Borough Attorney Oostdyk stated she will have to pay it. Clerk Talerico will send notification to the driver and our insurance company.

BOROUGH ATTORNEY REPORT:

Borough Attorney Oostdyk gave an update on the Dube property acquisition. There is additional cleanup work taking place and additional testing needs to be done.

COMMITTEE REPORTS:

Councilman Falkoski reported the municipal court report for the month of May. He also reported that a young woman from Pompton is interested in joining the Fire Department as a junior. The ordinance specifies you have to live or work in the borough. She is a referee for the Pompton/Riverdale soccer association and he asked if she would qualify. Borough Attorney Oostdyk stated he would prefer to clarify the ordinance if it's something the Fire Department would like to do.

Councilman Guis reported on the cleanup at the school and plans for the basketball court. He also reported that he received a letter regarding the riverbank stabilization project

Councilwoman Wetzel reported on the summer recreation schedule and credits the recreation director and staff for a wonderful job. She clarified the delay with the summer concert series. The amount of donations has slowed and the amounts have decreased and there has not been enough to pay for the entire series. She reported that an independent committee has been formed and has applied for licenses to fundraise for the concert series by holding a super 50/50 raffle. Borough Clerk Talerico explained the application process for a raffle license. Councilwoman Wetzel59-63 reviewed the concert schedule and there are not fireworks scheduled this year.

COMMITTEE REPORTS (continued):

Councilwoman Bush reported the Morris County Partners in Substance Abuse Prevention is holding a family picnic event at Craigmere on July 5th.

PUBLIC PARTICIPATION NO. 2:

There being no comments, Councilman Falkoski set forth the motion, seconded by Councilman Guis, that the public portion be closed.

ALL IN FAVOR.

ADJOURNMENT:

Councilman Falkoski set forth the motion, seconded by Councilman Guis, to adjourn the meeting.

ALL IN FAVOR.

Adjourned: 9:17 p.m.

Respectfully Submitted:

Carol J. Talerico, R.M.C.
Municipal Clerk